

NEBRASKA SALES TAX GUIDE FOR CHARGE CARD PURCHASES BY UNITED STATES (FEDERAL) GOVERNMENT EMPLOYEES

OVERVIEW

When the federal government is the direct purchaser of any taxable property or services, the sale is exempt. Federal government employees with centrally billed charge cards containing the appropriate prefix and sixth digit may use the documented charge card transaction as the exemption certificate instead of completing a [Nebraska Resale or Exempt Sale Certificate, Form 13](#).

Federal government employees' charge card purchases which are not centrally billed in total to the federal government are taxable, even if the federal government employee is reimbursed for his or her expenses while conducting business for the federal government.

This information guide is intended to provide an overview. Nothing in this guide supersedes, alters, or otherwise changes any provisions of the Nebraska tax code, regulations, Nebraska Department of Revenue (Department) rulings, or court decisions.

This information guide may change with updated information or added examples. The Department recommends you do not print this guide, and instead, check www.revenue.ne.gov periodically for changes.

TERMS

Centrally-Billed Accounts. Centrally-billed accounts are charge card accounts where the **entire balance** is centrally billed to, and paid directly by, the federal government.

Individually-Billed Accounts. Individually-billed accounts are charge card accounts billed directly to the employee, even if the employee is later reimbursed by the federal government.

Integrated Billing. Integrated billing is a method of billing charge cards which allows the financial institution issuing the credit card to bill more than one party under one account. For example, a federal employee and federal government agency are both billed for different charges under the same charge card account.

PURCHASES MADE BY FEDERAL GOVERNMENT EMPLOYEES

Purchases made by employees of the federal government are taxable, unless the purchase is supported by the documentation listed below (where the federal government, not its employee, is considered the purchaser).

GSA SmartPay® 2 Purchase, Fleet, and (certain) Travel charge cards are issued by three banks under contract with the United States General Services Administration (GSA): Citibank, JPMorgan Chase, and US Bank. These may be either VISA, MasterCard, Voyager, or Wright Express charge cards. In Nebraska, only charge card purchases where the **entire balance** is centrally billed to the federal government agency are sales tax exempt. The numbering sequence for GSA SmartPay® 2 charge cards is listed below. Purchases made with charge cards which

are individually billed, or which use an integrated billing method, are taxable. An exemption certificate cannot be issued with the use of credit cards which are individually billed, or which use an integrated billing method, since the transaction is taxable as a purchase by the employee, not the federal government. The charts below contain the charge card business types used (Purchase, Fleet, or Travel), the identifying numbers, type of charge card, and the sales tax exemption status of each.

The Department allows the use of a GSA SmartPay® 2 charge card which is centrally billed, as proof of an exempt sale to a governmental entity, without the need of an additional exemption certificate. For more information about the GSA SmartPay® 2 Purchase, Fleet, and Travel charge cards, please refer to <http://smartpay.gsa.gov/>.

Federal GSA SmartPay® 2 PURCHASE Charge Cards – Sales Tax Exempt

Prefix (1st four digits)	Sixth Digit	Type of Charge Card	Exemption Status for Nebraska Sales Tax
4486	N/A	VISA	Exempt
4614	N/A	VISA	Exempt
4716	N/A	VISA	Exempt
5565	N/A	MasterCard	Exempt
5568	N/A	MasterCard	Exempt

All of the above PURCHASE charge cards are centrally billed to a federal government agency.

Federal GSA SmartPay® 2 FLEET Charge Cards – Sales Tax Exempt

Prefix (1st four digits)	Sixth Digit	Type of Charge Card	Exemption Status for Nebraska Sales Tax
4486	N/A	VISA	Exempt
4614	N/A	VISA	Exempt
4716	N/A	VISA	Exempt
5565	N/A	MasterCard & Wright Express	Exempt
5568	N/A	MasterCard	Exempt
8699	N/A	Voyager	Exempt

All of the above FLEET charge cards are centrally billed to a federal government agency.

Federal GSA SmartPay® 2 TRAVEL Charge Cards – Sales Tax Exempt

Prefix (1st four digits)	Sixth Digit	Type of Charge Card	Exemption Status for Nebraska Sales Tax
4486	0, 6, 7, 8, 9	VISA	Exempt
4614	0, 6, 7, 8, 9	VISA	Exempt
5565	0, 6, 7, 8, 9	MasterCard	Exempt
5568	0, 6, 7, 8, 9	MasterCard	Exempt

All of the above TRAVEL charge cards are centrally billed to a federal government agency.

Federal GSA SmartPay® 2 TRAVEL Charge Cards – TAXABLE

Prefix (1st four digits)	Sixth Digit	Type of Charge Card	Exemption Status for Nebraska Sales Tax
4486	1, 2, 3, 4	VISA	Taxable
4614	1, 2, 3, 4	VISA	Taxable
5565	1, 2, 3, 4	MasterCard	Taxable
5568	1, 2, 3, 4	MasterCard	Taxable

The above numbered TRAVEL charge cards are individually billed to a federal government employee or have an integrated billing system with a federal government agency.

Please Note: Currently the GSA does not have a No. 5 in use for the sixth digit of its Purchase, Fleet, or Travel charge cards.

Purchases made with any other charge card issued for use by a federal government employee are taxable.

RESOURCE LIST:

- ❖ <http://smartpay.gsa.gov/>
- ❖ [Governmental Entities Information Guide](#)
- ❖ [Nebraska Sales and Use Tax Regulation 1-072 - United States Government and Federal Corporations](#)

www.revenue.ne.gov

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